

## Message Text

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ORIGIN OPIC-06

INFO OCT-01 AF-08 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10 /074 R

DRAFTED BY OPIC/F: BMHENDERSON

APPROVED BY EB/IFD/ OIA:RJSMITH

EB/IFD/OIA:DHSTEBBING

AF/C:JBLODGETT (INFO)

----- 012245

R 171718Z NOV 76

FM SECSTATE WASHDC

TO AMEMBASSY YAOUNDE

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FROM OPIC

E.O. 11652: N/A

TAGS: EFIN

SUBJECT:WESTERN CORN MILL PROJECT

, OPIC OFFICERS HENDERSON, HOPE, BANKS AND ANALYST KULIKOWSKI MET WITH TCHETGEN OF SNI ON NOVEMBER 4 AND 5 TO DISCUSS SUBJECT PROJECT. OPIC FELT MEETINGS WERE VERY USEFUL AND CLEARED THE AIR OF RESIDUAL MISUNDERSTANDINGS FROM RICE PROJECT. WE REVIEWED WITH TCHETGEN THE AREAS OPIC FEELS NEEDS FURTHER ANALYSIS AND THE PRINCIPLE PROBLEM WHICH COULD BLOCK OPIC'S PARTICIPATION, THE REQUIRED 25 PERCENT U.S. EQUITY PARTICIPATION.

2. FOLLOWING TELEX SENT TO TCHETGEN ON NOVEMBER 12. IN ADDITION COPY OF INTERNAL MEMO POUCHED TO TCHETGEN AND EMBASSY. BEGIN QUOTE: TO SUMMARIZE DISCUSSIONS WITH YOU AND MR. NJAWE AT OPIC ON NOVEMBER 4, OPIC IS INTERESTED IN UNCLASSIFIED

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PURSUING EVALUATION OF THE FEASIBILITY OF THE WESTERN CORN

MILL PROJECT. WE BELIEVE THE FOLLOWING ASPECTS NEED TO BE REVIEWED IN DETAIL.

1. THE YIELDS PROJECTED BY A AND B APPEAR HIGHLY OPTIMISTIC: THEY ARE HIGHER IN SOME CASES THAN COMPARABLE YIELDS ACHIEVED IN THE UNITED STATES.

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2. WE QUESTION WHETHER A TWO CROP SYSTEM WILL WORK IN CAMEROON GIVEN RAINFALL PATTERNS. WILL THE SPRING HARVEST MATURE AND PRODUCE FULL YIELDS WITHIN THE ALLOTTED TIME? IF NOT, HARVESTING AND REPLANTING OF THE SECOND CROP MAY NOT BE COMPLETED BEFORE THE ONSET OF THE RAINY SEASON.

WILL PESTICIDES AND FERTILIZERS BE CONTINUALLY WASHED OUT OF THE SOIL IN THE FALL REQUIRING EXPENSIVE REAPPLICATION? WILL THE FALL CROP BE WATERLOGGED AND UNDERDEVELOPED DUE TO INSUFFICIENT SUNLIGHT?

3. THERE IS INADEQUATE DATA ON THE EFFECTIVENESS OF PESTICIDES IN CAMEROON.

4. INADEQUATE ATTENTION WAS GIVEN IN THE STUDY TO PLANNED MARKETING OF THE CROPS, DISTRIBUTION, AND EXPECTED FUTURE PRICES.

WE WILL ASK A AND B TO IDENTIFY AN EXISTING PROJECT COMPARABLE TO THIS ONE, PREFERABLY IN AFRICA, TO AID IN OUR EVALUATION. MANY OF THESE QUESTIONS HOWEVER, CAN PROBABLY BEST BE RESOLVED BY FIELD TESTING AT THE SITE. FOR THIS REASON, OPIC SUPPORTS A PHASED APPROACH TO THE PROJECT WHEREBY FINANCING IS COMMITTED FOR THE ENTIRE PROJECT BUT DRAWDOWN OF FUNDS FOR EACH PHASE IS CONTINGENT UPON SUCCESSFUL COMPLETION OF THE PREVIOUS PHASE.

AS WE DISCUSSED, OPIC FINANCIAL PARTICIPATION WILL BE CONTINGENT ON PROJECT FEASIBILITY AS WELLAS SUBSTANTIAL EQUITY PARTICIPATION BY U.S. INVESTORS. WE WILL TRY TO FIND WAYS TO ACHIEVE 25 PERCENT PRIVATE U.S. EQUITY PARTICIPATION, INCLUDING A LARGER A AND B SHARE, IN ORDER TO

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SATISFY THIS REQUIREMENT. END QUOTE.

3. OPIC DISCUSSED THREE ITEMS OF WESTAM FOLLOW-UP WITH TCHETGEN: (A) GEORGE STEYERMARK OF CONTINENTAL MILLING IS INTERESTED IN DAIRY, POULTRY AND ANIMAL FEED PROJECTS IN CAMEROON. TCHETGEN FAILED TO CALL STEYERMARK WHILE IN THE U.S. BUT PROMISED HE WOULD ANSWER LETTER SENT TO BELLO OVER A MONTH AGO. (B) YVES BRAULT OF DEL MONTE FOODS

PROPOSED VISIT TO WEST AFRICA IN NOVEMBER/DECEMBER.  
HENDERSON CABLED BRAULT AND ASKED HIM TO INFORM EMBASSY  
AND TCHETGEN OF DATES OF HIS VISIT TO CAMEROON. DO NOT  
KNOW SUBSTANCE OR SERIOUSNESS OF INTEREST. (C) B.F. GOOD-  
RICH CONTINUED INTEREST IN RECEIVING COPY FEASIBILITY  
STUDY ON TIRE PROJECT FROM NOMO. ASKED TCHETGEN TO OBTAIN

COPY TIRE STUDY FROM NOMO AND SEND TO F.J. JOHNSON OF  
B.F. GOODRICH, PREFERABLY IN ENGLISH. APPRECIATE EMBASSY

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FOLLOW-UP WITH TCHETGEN.

4. ON RETURN FROM TRIP WEST AFRICA SPAW-GLASS OFFICIALS  
PRAISED HIGHLY THE INTEREST AND EFFORTS ON THEIR BEHALF  
SHOWN BY EMBASSY AND CONSULAR OFFICERS IN CAMEROON. THEY

APPARENTLY VERY INTERESTED IN WORKING WITH PRISO. LET  
OPIC KNOW IF WE CAN BE OF FURTHER ASSISTANCE TO  
EMBASSY IN ANY OF ABOVE MATTERS. KISSINGER

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